

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1105 be amended to read as follows:

- 1        Replace the effective date in SECTION 2 with "[EFFECTIVE
- 2        UPON PASSAGE]".
- 3        Replace the effective date in SECTION 10 with "[EFFECTIVE
- 4        UPON PASSAGE]".
- 5        Page 7, line 30, delete "(a) This section".
- 6        Page 7, delete lines 31 through 32.
- 7        Page 7, line 33, reset in roman "(a)".
- 8        Page 7, line 33, after "(a)" delete "(b)".
- 9        Page 7, line 33, after "(b)," delete "(c)".
- 10       Page 7, line 33, after "subsection" reset in roman "(b)".
- 11       Page 7, line 35, strike "sixtieth" and insert **"sixty-fifth"**.
- 12       Page 7, line 36, reset in roman "(b)".
- 13       Page 7, line 36, delete "(c)".
- 14       Page 7, line 40, strike "ten (10)" and insert **"fifteen (15)"**.
- 15       Page 7, between lines 41 and 42, begin a new paragraph and insert:
- 16       "SECTION 3. IC 5-10-5.5-10, AS AMENDED BY P.L.180-2007,
- 17       SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 18       UPON PASSAGE]: Sec. 10. (a) Benefits provided under this section
- 19       are subject to section 2.5 of this chapter.
- 20       (b) The annual retirement allowance of a participant, payable in
- 21       equal monthly installments beginning on the participant's normal
- 22       retirement date, shall be a percentage of the participant's average
- 23       annual salary, such percentage to be twenty-five percent (25%)

increased by one and two-thirds percent (1 2/3%) of the participant's average annual salary for each completed year of creditable service more than ten (10) years. **However, the annual retirement allowance computed under this subsection may not exceed seventy-five percent (75%) of the participant's average annual salary.**

(c) The annual retirement allowance shall cease with the last monthly payment prior to the death of the participant.

SECTION 4. IC 5-10-5.5-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22. (a) As used in this section, "DROP" refers to a deferred retirement option plan established under this section.**

**(b) As used in this section, "DROP entry date" means the date that a participant's election to enter a DROP becomes effective.**

**(c) As used in this section, "DROP frozen benefit" refers to an annual retirement allowance computed under section 10 of this chapter based on a participant's:**

**(1) average annual salary; and**

**(2) years of creditable service;**

**on the date the participant enters the DROP.**

**(d) As used in this section, "DROP retirement date" means the future retirement date selected by a participant at the time the participant elects to enter the DROP.**

**(e) Only a participant who is eligible to receive an unreduced annual retirement allowance immediately upon termination of employment may elect to enter a DROP. A participant who elects to enter the DROP must agree to the following:**

**(1) The participant shall execute an irrevocable election to retire on the DROP retirement date and must remain in active service until that date.**

**(2) While in the DROP, the participant shall continue to make contributions under section 8 of this chapter.**

**(3) The participant shall select a DROP retirement date not less than twelve (12) months and not more than thirty-six (36) months after the participant's DROP entry date.**

**(4) The participant may not remain in the DROP after the date the participant reaches the mandatory retirement age under section 9 of this chapter.**

**(5) The participant may make an election to enter the DROP only once in the participant's lifetime.**

**(f) Contributions or payments provided by the general assembly under section 4(b)(4) of this chapter continue for a participant while the participant is in the DROP.**

**(g) A participant shall exit the DROP on the earliest of the following:**

**(1) The participant's DROP retirement date.**

**(2) Thirty-six (36) months after the participant's DROP entry**

- 1 date.
- 2 (3) The participant's mandatory retirement age.
- 3 (4) The date the participant retires because of a disability as
- 4 provided by subsection (k).
- 5 (h) A participant who retires on the participant's DROP
- 6 retirement date or on the date the participant retires because of a
- 7 disability as provided by subsection (k) may elect to receive an
- 8 annual retirement allowance:
  - 9 (1) computed under section 10 of this chapter as if the
  - 10 participant had never entered the DROP; or
  - 11 (2) consisting of:
    - 12 (A) the DROP frozen benefit; plus
    - 13 (B) an additional amount, paid as the participant elects
    - 14 under subsection (i), determined by multiplying:
      - 15 (i) the DROP frozen benefit; by
      - 16 (ii) the number of months the participant was in the
      - 17 DROP.
  - 18 (i) The participant shall elect, at the participant's retirement, to
  - 19 receive the additional amount calculated under subsection (h)(2)(B)
  - 20 in one (1) of the following ways:
    - 21 (1) A lump sum paid on:
      - 22 (A) the participant's DROP retirement date; or
      - 23 (B) the date the participant retires because of a disability
      - 24 as provided by subsection (k).
    - 25 (2) Three (3) equal annual payments:
      - 26 (A) commencing on:
        - 27 (i) the participant's DROP retirement date; or
        - 28 (ii) the date the participant retires because of a disability
        - 29 as provided by subsection (k); and
      - 30 (B) thereafter paid on:
        - 31 (i) the anniversary of the participant's DROP retirement
        - 32 date; or
        - 33 (ii) the date the participant retires because of a disability
        - 34 as provided by subsection (k).
    - 35 (j) A cost of living increase determined under section 21(c) of
    - 36 this chapter does not apply to the additional amount calculated
    - 37 under subsection (h)(2)(B) at the participant's DROP retirement
    - 38 date or the date the participant retires because of a disability as
    - 39 provided by subsection (k). No cost of living increase is applied to
    - 40 a DROP frozen benefit while the participant is in the DROP. After
    - 41 the participant's DROP retirement date or the date the participant
    - 42 retires because of a disability as provided by subsection (k), cost of
    - 43 living increases determined under section 21(c) of this chapter
    - 44 apply to the participant's annual retirement allowance computed
    - 45 under this section.
    - 46 (k) If a participant becomes disabled, in the line of duty or other
    - 47 than in the line of duty while in the DROP, the participant's annual

- 1 retirement allowance is computed as follows:
- 2 (1) If the participant retires because of a disability less than
- 3 twelve (12) months after the date the participant enters the
- 4 DROP, the participant's annual retirement allowance is
- 5 calculated as if the participant had never entered the DROP.
- 6 (2) If the participant retires because of a disability at least
- 7 twelve (12) months after the date the participant enters the
- 8 DROP, the participant's annual retirement allowance is
- 9 calculated under this section, and the participant's retirement
- 10 date is the date the member retires because of a disability
- 11 rather than the participant's DROP retirement date.
- 12 (l) If, before payment of the participant's annual retirement
- 13 allowance begins, the participant dies in the line of duty or other
- 14 than in the line of duty, death benefits are payable as follows:
- 15 (1) The benefit calculated under subsection (h)(2)(B) is paid
- 16 in a lump sum to the participant's surviving spouse. If there
- 17 is no surviving spouse, the lump sum must be divided equally
- 18 among the participant's surviving children. If there are no
- 19 surviving children, the lump sum is paid to the participant's
- 20 parents. If there are no surviving parents, the lump sum is
- 21 paid to the participant's estate.
- 22 (2) A benefit is paid on the DROP frozen benefit under the
- 23 terms of the retirement plan created by this chapter.
- 24 (m) Except as provided under subsections (k) and (l), the annual
- 25 retirement allowance for a participant who exits the DROP for any
- 26 reason other than retirement on the participant's DROP
- 27 retirement date is calculated as if the participant had never entered
- 28 the DROP."
- 29 Page 7, delete line 42.
- 30 Page 8, delete lines 1 through 29.
- 31 Page 12, line 13, delete "IC 5-10-5.5-12," and insert "**IC**
- 32 **5-10-5.5-10**,".
- 33 Page 12, line 13, delete "IC 5-10-5.5-9.5," and insert "**IC**
- 34 **5-10-5.5-22**,".
- 35 Page 12, line 16, delete ":".
- 36 Page 12, delete line 17.
- 37 Page 12, line 18, delete "(2) retires" and insert "**is in active service**".
- 38 Page 12, run in lines 16 through 18.
- 39 Page 12, after line 18, begin a new paragraph and insert:

- 1 "SECTION 11. **An emergency is declared for this act.**".
- 2 Renumber all SECTIONS consecutively.  
(Reference is to HB 1105 as printed January 22, 2008.)

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Representative Tinch